



MONTANA STATE HOSPITAL POLICY AND PROCEDURE

DISPOSITION OF STATE PROPERTY

Effective Date: November 17, 2004

Policy #: BS-01

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I. PURPOSE:

- A. To provide procedures regarding the disposition of non-expendable state property.
To provide a system of accountability for property owned by Montana State Hospital.

B. NON-EXPENDABLE PROPERTY:

- 1. Has a useful life of one year or more including items with extended life due to repairs.
- 2. Has a first cost value of \$200.00 or more.
- 3. Items valued below \$200.00, such as office equipment, furniture and small attractive items which require safekeeping and accountability (i.e. cameras, tape recorders).
- 4. Is not consumed in use.
- 5. Has an identity, which does not change with use.
- 6. Has a nature, which makes formal accountability practical.

II. POLICY:

- A. To ensure that state property is removed from Montana State Hospital inventory only through proper procedure and in compliance with Department of Public Health and Human Services (DPHHS) Policy Number 301, "STATE PROPERTY", and STATE SURPLUS PROPERTY PROCEDURES.
- B. The property accountability system is a centrally maintained system to manage and account for assets owned by Montana State Hospital. Adequate accounting procedures and records are essential for the protection of State property. The responsibilities of stewardship involved in safeguarding such a large public investment is of the utmost importance to sound financial administration. This responsibility can be more effectively discharged through an adequate property management system.

III. DEFINITIONS: None

IV. RESPONSIBILITIES:

- A. The Agency Property Manager is responsible for ensuring proper procedures are followed when disposing of property.
- B. Supervisors ensure the Agency Property Manager is notified whenever property requires disposal.
- C. The Accountant ensures procedures are followed as established in this policy.
- D. The Hospital Administrator ensures all Hospital Staff adheres to this policy.

V. PROCEDURE:

- A. Removal from Inventory
 - 1. Property which is no longer useful to Montana State Hospital, but is still functional, may be transferred to another institution/division, or the Surplus Property Bureau in the following manner:
 - a. Form SP-3 describing the quantity, type, and condition of the property is to be completed and following review by the Hospital Administrator is forwarded to the Director of DPHHS.
 - b. If a transfer can be made to another institution/division, the Director's office will arrange for the transfer.
 - c. If an inter-departmental transfer is not made, the Director's office will forward the SP-3 form to the Surplus Property Bureau which will notify the Property Manager of the action to be taken.
 - 2. Property which has become obsolete, damaged beyond repair, or which is no longer useful but may be cannibalized to repair similar equipment, will be handled in the following manner:
 - a. Form SP-3 describing the quantity, type, and condition of the property to be disposed of is completed and following review by the Hospital Administrator is forwarded directly to the Surplus Property Bureau.
 - b. The Surplus Property Bureau will authorize the appropriate action to be taken per the preparation of an SP-5 form.

- c. When the destruction of property is authorized in writing on the SP-5 form, it is the responsibility of the Agency Property Manager to assure that it is disposed of properly and that a witness to that disposal signs the form. Disposal is to be carried out only by authorized employees of Montana State Hospital.
 - d. In no case is the item to be destroyed, be given to any hospital employee, or to any person outside the hospital for disposal or for one's personal use.
- B. Notification of Theft or Suspicion of Theft of State Properties or Monies.
 - 1. The Hospital Administrator will notify the DPHHS Director, in writing if:
 - a. Non-expendable property is stolen or assumed stolen.
 - b. Expendable property having an aggregate value of \$200.00 or more is stolen or assumed stolen.
 - c. State monies, Patient monies, or any monies for which Montana State Hospital is responsible, is stolen or assumed stolen.
- C. One individual in the Business Services Department will be appointed to serve as the Agency Property Coordinator who will serve as the liaison with the various property custodians for Montana State Hospital. This appointment will be made in writing indicating the person and/or position so appointed, and the effective date of the appointment.
- D. Duties of the Agency Property Coordinator include:
 - 1. Analysis of SABHRS transactions and Property Survey Forms to determine if any further property accounting transactions are required.
 - 2. Analysis of various Property Management spreadsheet output reports and correction of the reports as necessary.
 - 3. Assign time frames for taking physical inventory of property within the agency.
 - 4. Assignment of responsibility for the coordination of surplus equipment use and disposal.
- E. Each Department Director will appoint one individual from each of their various departmental units to act as the Property Custodian for that Unit. This appointment is

to be in writing with one copy of the letter to the Agency Property Manager and one copy to the Accountant.

F. In general, the Property Custodian is the individual having direct supervision over the persons using the property. Responsibility is affixed to the area in which the equipment is located regardless of the area the staff is assigned.

G. Duties of the Property Custodian include:

1. Authenticate accuracy of computer printout of assigned equipment by physical inventory. Signed results are forwarded to the Agency Property Manager at the Warehouse. A copy of results is sent to Department Director and/or others as designated.
2. Ensuring the proper use and maintenance of property under their supervision.
3. Promptly reporting any property loss, misuse of property, any conditions requiring repair or which create a hazardous working/living condition to appropriate personnel.
4. Responsibility for the assignment of property within their area of accountability.
5. Responsible for notifying the Agency Property Manager when property tags are required.
6. Responsible for reviewing the property listing on a semi-annually basis as to the correctness of the listing and making required reports noted above.
7. Assisting the Agency Property Manager in the taking of an annual physical inventory, as necessary.

H. Purchase/Addition of Property

1. All property items are to be ordered using a Store Order Form. This form is to be completed by the ordering individual and approved by the Area Supervisor. The Area Supervisor is to complete the Equipment Request Justification Form. The Property Custodian must sign the Store Order at this time so that he/she will be aware of the possible addition of property. The **original** (white) and **second** (yellow) copies of the Store Order along with the Equipment Request Justification Form are then sent to the appropriate Department Director for review and approval/disapproval. It is then forwarded to the Accountant where it will be reviewed for budgetary impact. The impact will be noted on the Store Order and will be forwarded to the Hospital Administrator for final approval/disapproval. If

the order is approved, it will be returned to the Accountant for the appropriate cost coding and forwarded to the Purchasing Division where the official requisition will be processed. A Xerox copy of the requisition will be sent to the originating Supervisor, Property Custodian and appropriately tagged by the Agency Property Manager. It will then be delivered to the designated area where the Property Custodian of that area will sign the Receiving Report. All identifying information of the equipment is input into the inventory system by the Warehouse Inventory Clerk.

2. If the order is disapproved, it will be returned to the appropriate Department Director indicating the reason(s) for disapproval. The Department Director should then notify the originating Supervisor of the Order being disapproved and the reason(s) for the disapproval.

I. Property Management

1. In order to maintain proper responsibility and accountability, property is **not** to be removed without proper notification of the Agency Property Manager. This is accomplished by utilizing the Property Movement Request Form. The individual requesting or requiring property movement initiates this form. It is then forwarded to the Property Custodian of the area for his/her dated signature. The Property Custodian will then forward the completed form to the Agency Property Manager who will make arrangements for the actual movement of the property item. Upon completion of the move, the individual moving the equipment will complete the section on the form pertaining to the date the move was completed and who actually moved the property. The form will then be forwarded to the Inventory Clerk who will input the transfer into the Inventory System. The Inventory Clerk will then complete the Property Movement Request Form and return it to the Agency Property Manager. The Agency Property Manager will forward a Xeroxed copy of the completed Property Movement Request to the Property Custodians of the affected areas. The Property Custodians should retain this form and verify the correctness of the information on the next summary report received for his/her area.
2. Verbal requests for movement of property **will not** be accepted. **All** property movement must be completed in accordance with the above procedures.

J. Property Removed From Inventory

1. When State property has been lost, stolen, or destroyed, the Property Custodian for the piece of equipment in question will initiate a Report of Property Survey in **triplicate**. **All three** copies are to be forwarded to the Agency Property Manager for his/her comments and recommendation. The Agency Property Manager will

then forward all three copies of the form to the Accountant for his/her comments and recommendations. The Accountant will forward all three copies to the Hospital Administrator for his/her approval or disapproval. All three copies will be returned to the Accountant who will make the following distribution of the copies. The **original copy** is forwarded to the Agency Property Manager for input into the Inventory System. The **second copy** is forwarded to the originating Property Custodian. The Accountant retains the **third copy**.

2. In the case of lost or stolen property, the Hospital Administrator will make a determination as to the type of investigation into the disappearance of the equipment would be appropriate. All findings of any subsequent investigation should be forwarded to the originating Property Custodian, Accountant and the Agency Property Manager for their files.
3. The Hospital Administrator shall notify the Director of the DPHHS in writing if:
 - a. Non-expendable property is stolen or assumed stolen.
 - b. Expendable property having an aggregate value of \$200.00 or more is stolen or assumed stolen.

K. Surplus Property

1. All items of surplus equipment should be reported to the Agency Property Manager on the Property Movement Request. The Agency Property Manager will dispose of the surplus equipment in accordance with DPHHS Policy No. 301 and State policy on surplus equipment, Management Memo 1-79-7.

L. Property and Equipment Repairs

1. All property items requiring repair should be handled through the appropriate Property Custodian. If the equipment can be repaired with Montana State Hospital employees, a Work Order Request Form should be initiated. If it is necessary for the repairs to be performed with outside services, then a Store Order Form should be initiated and routed through the appropriate Department Director and Purchasing Agent.

VI. REFERENCES: Montana Operations Manual, Chapter 1-0700, Chapter 2-1700

VII. COLLABORATED WITH: Agency Property Manager, Purchasing Specialist, Facility Maintenance Manager, and Accountant.

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XII. ATTACHMENTS: None

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Tracey Sweeney Date
Chief Financial Officer